

OFFICE OF AUDITS & ADVISORY SERVICES



PLANNING AND DEVELOPMENT SERVICES OFFICERS' TRANSITION AUDIT

FINAL REPORT

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COUNTY COUNSEL
COUNTY TECHNOLOGY OFFICE
GRAND JURY
HUMAN RESOURCES
RETIREMENT ASSOCIATION
TREASURER-TAX COLLECTOR

April 15, 2013

TO: Mark T. Wardlaw, Director
Planning and Development Services

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: PLANNING AND DEVELOPMENT SERVICES OFFICERS' TRANSITION AUDIT

Enclosed is our report on the Planning and Development Services Officers' Transition Audit. We have reviewed your responses to our recommendations and have attached them to the audit report. The actions taken, in general, are responsive to the recommendations in the report.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ
Chief of Audits

AUD:SK:aps

Enclosure

c: Sarah E. Aghassi, Deputy Chief Administrative Officer, Land Use and Environment Group
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller
Lisa Keller-Chiodo, Assistant Group Finance Director, Land Use and Environment Group

INTRODUCTION

Audit Objective	The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Planning and Development Services (PDS), (formerly Department of Planning and Land Use). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Eric Gibson, and incoming officer, Mark T. Wardlaw, took appropriate actions and filed required reports as of September 21, 2012 in compliance with California Codes, County regulatory requirements, and County policies and procedures. These requirements were explained in the instruction letter provided to each officer.
Background	The County Charter requires that the OAAS conduct such an audit when County officers leave or assume office to determine if certain affidavits, authorizations, disclosures, and reports are properly completed and processed. These actions provide for an orderly transition of officers, establish proper accountability for public assets and promote the County's General Management System (GMS), including its key disciplines of accountability, transparency and ethical conduct; fiscal stability; and continuous improvement and innovation.
Audit Scope & Limitations	<p>The reports are the responsibility of the officer who signs them. The OAAS' responsibility is to provide an opinion on the reports based upon the audit.</p> <p>This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.</p>
Methodology	OAAS reviewed all the reports filed by the outgoing and incoming officers, obtained supporting documentation, and performed limited internal control testing.

AUDIT RESULTS

Summary	In our opinion, there is reasonable assurance that the outgoing and incoming officers took appropriate actions and filed required reports in compliance with California Codes, County regulatory requirements, and County policies and procedures in connection with an officer's transition. However, we noted the exception described below:
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Finding I:	<p>Petty Cash Account Is Not Properly Reconciled</p> <p>PDS reported a total of \$1,800 in revolving funds, from which \$450 is maintained in a petty cash bank account. OAAS reviewed and reconciled the bank account and identified a balance of \$500. Further, audit work found that the \$50 variance was due to an outstanding check issued in January 2007. This discrepancy was not identified by PDS prior to the audit because the custodian does not conduct routine bank reconciliations.</p>
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Lack of bank reconciliations prevent staff from timely identifying cash discrepancies, errors, and/or omissions and increase the risk of missing funds. Preparing periodic bank reconciliations is an effective internal control that helps identify and resolve errors and allows for the tracking of checks that remain outstanding or in transit.

Recommendation: PDS should ensure that a monthly petty cash bank reconciliation is conducted. At a minimum, this process should include:

- Compare balances recorded in their internal records to balances recorded by the bank.
- Review these balances for omissions, errors, and mistakes.
- Monitor outstanding checks.
- Void stale-dated checks and contact check recipients if replacement checks are required.
- Ensure that supervisory review and approval is included.

Office of Audits & Advisory Services

C ompliance R eliability E ffectiveness A ccountability T ransparency E fficiency

VALUE

DEPARTMENT'S RESPONSE



MARK WARDLAW
Director

County of San Diego
PLANNING & DEVELOPMENT SERVICES

BETH MURRAY
Assistant Director

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April 3, 2013

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TO: Juan R. Perez
Chief of Audits

APR 12 2013

OFFICE OF AUDITS &
ADVISORY SERVICES

FROM: Mark Wardlaw, Director
Planning & Development Services

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: PLANNING AND
DEVELOPMENT SERVICES OFFICERS' TRANSITION AUDIT

Finding I: Petty Cash Account Is Not Properly Reconciled

OASS Recommendation: PDS should ensure that monthly petty cash bank reconciliation is conducted. At a minimum, this process should include:

1. Compare balances recorded in their internal records to balances recorded by the bank.
2. Review these balances for omissions, errors, and mistakes.
3. Monitor outstanding checks.
4. Void stale-dated checks and contact check recipients if replacement checks are required.
5. Ensure that supervisory review and approval is included.

Action Plan: PDS is in agreement with the audit recommendations and has implemented an action plan in accordance with the recommendations listed above. This is highlighted by requiring supervisory review and approval of all reconciliation documentation.

Planned Completion Date: Completed

Contact Information for Implementation: Renee Loewer, Principal Admin. Analyst (858) 694-3009

If you have any questions, please contact me at (858) 694-2962.

Mark Wardlaw, Director
Planning & Development Services

c: Sarah Aghassi, Deputy Chief Administrative Officer, Land Use and Environmental Group
Lisa Keller-Chiodo, Assistant Group Finance Director, Land Use and Environmental Group